

**UNITED WAY OF CENTRAL
AND SOUTHERN UTAH**

FINANCIAL STATEMENTS

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way of Central and Southern Utah

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central and Southern Utah, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central and Southern Utah as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited United Way of Central and Southern Utah's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018 on our consideration of United Way of Central and Southern Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central and Southern Utah's internal control over financial reporting and compliance.



Orem, Utah
September 4, 2018

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FINANCIAL POSITION

June 30, 2018, with Comparative Totals for 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 36,535	\$ 59,462
Contributions receivable, net of allowance for uncollectible contributions	515,995	537,500
Accounts and grants receivable	139,795	134,956
Prepaid expenses and other current assets	14,198	13,991
Due from United Way Community Services	<u>299,227</u>	<u>211,640</u>
Total current assets	1,005,750	957,549
Fixed Assets:		
Building and improvements	2,443,124	2,452,866
Furniture and equipment	195,704	198,173
Accumulated depreciation	<u>(1,382,036)</u>	<u>(1,296,467)</u>
Net fixed assets	1,256,792	1,354,572
Other Assets:		
Restricted cash	18,499	30,995
Investments	<u>990</u>	<u>990</u>
Total other assets	<u>19,489</u>	<u>31,985</u>
Total assets	<u>\$ 2,282,031</u>	<u>\$ 2,344,106</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Line of credit	\$ 100,000	\$ 100,000
Current portion of notes payable	60,035	77,693
Accounts payable	120,243	190,478
Due to other organizations	47,716	56,758
Accrued expenses	101,044	97,572
Deferred revenue	<u>2,667</u>	<u>9,567</u>
Total current liabilities	431,705	532,068
Notes Payable , net of current portion	<u>274,765</u>	<u>333,934</u>
Total liabilities	706,470	866,002
Net Assets:		
Unrestricted	1,536,764	1,435,261
Temporarily restricted	<u>38,797</u>	<u>42,843</u>
Total net assets	<u>1,575,561</u>	<u>1,478,104</u>
Total liabilities and net assets	<u>\$ 2,282,031</u>	<u>\$ 2,344,106</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF ACTIVITIES

Year Ended June 30, 2018, with Comparative Totals for 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Revenues and Support:				
Total campaign pledges and donations	\$ 1,537,681	\$ 27,929	\$ 1,565,610	\$ 1,632,639
Amounts designated by donors for specific organizations	(255,541)	-	(255,541)	(367,658)
Net campaign pledges and donations	1,282,140	27,929	1,310,069	1,264,981
Uncollectible pledges and donations	(56,485)	-	(56,485)	(79,906)
In-kind donations	1,010,533	-	1,010,533	653,825
Rent	241,536	-	241,536	241,536
Grants	947,899	-	947,899	1,153,031
Interest	231	-	231	44
Support services income	206,488	-	206,488	206,488
Other	116,565	-	116,565	29,487
Net assets released from restrictions	31,975	(31,975)	-	-
Total revenues and support	3,780,882	(4,046)	3,776,836	3,469,486
Allocations and Expenses:				
Program services:				
Education	1,150,147	-	1,150,147	1,034,389
Income	946,602	-	946,602	744,292
Health	1,017,430	-	1,017,430	1,088,737
Citizen review	11,077	-	11,077	10,915
Supporting services:				
Resource development	307,131	-	307,131	332,240
Management and general	246,992	-	246,992	252,064
Total allocations and expenses	3,679,379	-	3,679,379	3,462,637
Change in Net Assets	101,503	(4,046)	97,457	6,849
Net Assets at Beginning of Year	1,435,261	42,843	1,478,104	1,471,255
Net Assets at End of Year	\$ 1,536,764	\$ 38,797	\$ 1,575,561	\$ 1,478,104

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018, with Comparative Totals for 2017

	Program Services				Supporting Services		Totals	
	Education	Income	Health	Citizen Review	Resource Development	Management and General	2018	2017
Salaries, wages, and stipends	\$ 390,314	\$ 214,256	\$ 469,215	\$ 6,758	\$ 106,079	\$ 118,828	\$ 1,305,450	\$ 1,466,431
Employee benefits	68,991	31,682	81,855	1,118	21,221	28,754	233,621	245,605
Payroll taxes	23,460	11,572	28,708	397	7,838	10,521	82,496	95,326
Total personnel expenses	482,765	257,510	579,778	8,273	135,138	158,103	1,621,567	1,807,362
Agency program funding and assistance	391,947	497,467	140,661	-	-	-	1,030,075	724,607
Campaign costs	-	-	-	-	43,242	-	43,242	48,957
Community projects	125,138	32,259	76,260	22	-	-	233,679	159,112
Conferences and training	12,490	8,427	6,785	-	4,737	2,273	34,712	30,023
Dues and subscriptions	3,104	607	2,513	-	3,817	1,695	11,736	9,252
Insurance	1,694	6,163	1,855	32	497	564	10,805	9,955
Interest	13,919	-	13,919	-	-	-	27,838	25,590
Miscellaneous	739	830	525	-	-	1,864	3,958	3,291
Postage and copies	4,392	4,065	2,954	1,137	2,436	1,661	16,645	19,411
Professional services and bank charges	22,329	13,860	93,789	188	89,716	16,419	236,301	222,720
Rent	44,865	20,143	49,115	854	13,166	14,931	143,074	143,986
Repairs and maintenance	7,148	4,789	7,825	136	2,098	2,379	24,375	11,150
Materials and supplies	4,568	3,801	3,941	2	1,419	9,696	23,427	27,771
Telephone	9,626	4,322	10,538	183	2,825	3,204	30,698	35,759
Travel	14,392	9,637	14,896	40	4,803	4,083	47,851	49,030
United Way Worldwide support	-	-	-	-	-	26,449	26,449	22,197
Utilities	4,711	2,115	5,157	90	1,382	1,568	15,023	15,510
Total before depreciation	1,143,827	865,995	1,010,511	10,957	305,276	244,889	3,581,455	3,365,683
Depreciation	6,320	80,607	6,919	120	1,855	2,103	97,924	96,954
Total functional expenses	<u>\$ 1,150,147</u>	<u>\$ 946,602</u>	<u>\$ 1,017,430</u>	<u>\$ 11,077</u>	<u>\$ 307,131</u>	<u>\$ 246,992</u>	<u>\$ 3,679,379</u>	<u>\$ 3,462,637</u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF CASH FLOWS**

Year Ended June 30, 2018, with Comparative Totals for 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 97,457	\$ 6,849
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,924	91,135
Changes in operating assets and liabilities:		
Contributions receivable	21,505	112,699
Accounts and grants receivable	(4,839)	53,263
Prepaid expenses and other current assets	(207)	(1,383)
Due from United Way Community Services	(87,587)	(104,934)
Restricted cash	12,496	29,284
Accounts payable	(70,235)	(54,650)
Due to other organizations	(9,042)	(1,057)
Accrued expenses	3,472	(5,025)
Deferred revenue	(6,900)	9,567
Net cash provided by operating activities	54,044	135,748
Cash Flows from Investing Activities:		
Purchases of fixed assets	-	(82,171)
Cash Flows from Financing Activities:		
Principal payments on notes payable	(76,971)	(77,216)
Net Change in Cash and Cash Equivalents	(22,927)	(23,639)
Cash and Cash Equivalents at Beginning of Year	59,462	83,101
Cash and Cash Equivalents at End of Year	\$ 36,535	\$ 59,462

Supplemental Data:

United Way paid \$27,838 in interest and no income taxes for the year ended June 30, 2018.

United Way had no noncash investing or financing activities during the year ended June 30, 2018.

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of United Way of Central and Southern Utah (United Way) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The primary objective of United Way is to increase the organized capacity of people to care for one another. This is done through campaigns for donations that are managed and distributed to nonprofit agencies affiliated with United Way.

Summarized Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with United Way’s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Tax Status – United Way is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to United Way are tax deductible to donors under Section 170 of the IRC. United Way is not classified as a private foundation. Also, United Way is not subject to state income taxes.

Revenue Recognition – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions receivable are recorded as unrestricted support when the unconditional promise to give is made. All contributions receivable are due within one year. The allowance for uncollectible contributions is estimated based on historical collection experience. The allowance for uncollectible contributions was \$100,000 at June 30, 2018. Contributions receivable not received from the prior year’s campaign are netted against designated contributions of the prior year’s campaign as uncollectible contributions. Uncollectible contributions were \$56,485 for the year ended June 30, 2018.

Cash and Cash Equivalents – Cash and cash equivalents consist of monies in the form of cash in banks, certificates of deposit, and money market accounts.

Fixed Assets – Fixed assets are stated at cost or, if donated, at fair value as of the donation date. Fixed assets are depreciated using the straight-line method, with useful lives as follows:

Furniture and equipment	3 to 10 years
Building and improvements	40 years

Loan Fees – Loan fees (\$4,337) are amortized over the life of the related loan using the straight-line method. Accumulated amortization was \$4,337 at June 30, 2018.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Temporarily Restricted Net Assets – United Way receives donations that are specifically restricted by the donor. United Way had \$38,797 restricted by donors at June 30, 2018.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – United Way evaluated subsequent events through September 4, 2018, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Functional Expenses

The statement of activities reflects expenses by functional area. The following is a description of the functional areas:

Education – includes funding of internal and community partners' programs that provide free home visitations to first-time parents, provide basic necessities, and support early intervention programs.

Income – includes funding of internal and community partners' programs that help build financially stable families by assisting with income tax preparation, utilities assistance, job skills training, adult literacy programs and more.

Health – includes funding of internal and community partners' programs that help create a healthier Utah County through promoting health education and preventative care, reducing child abuse and domestic violence, and providing access to critical healthcare services.

Citizen Review – includes the entire community review of United Way funded community programs that are producing measurable outcomes that show long-lasting change. Also, includes recruitment and training of volunteers and communication with agencies regarding funding.

Resource Development – includes recruitment, training, employee meetings, mailings, brochures, pledge cards, promotional materials, company visits, or other activities related to the raising of funds.

Management and General – includes board meetings, executive direction and planning, personnel and office management, accounting and bookkeeping, and file maintenance.

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS**

Note 3. Building Acquisition and Lease

During the fiscal year ended June 30, 2001, a building was purchased, remodeled, and leased to Community Action Services (CAS). To purchase and remodel the building, United Way borrowed \$1,203,691 and entered into a lease agreement with CAS. The agreement obligates CAS to pay United Way \$13,917 per month plus the cost of all improvements made at the request of CAS. The term of the lease is 20 years ending August 2020. United Way received \$164,016 in rent from CAS for the year ended June 30, 2018.

Lease revenue for the remaining lease term is as follows:

<u>Year Ending June 30,</u>	
2019	\$ 167,004
2020	167,004
2021	27,834

Note 4. Notes Payable

United Way assumed debt to purchase and remodel the building occupied by CAS (see Notes 3 and 6). All notes payable are secured by the building. Notes payable at June 30, 2018 consisted of the following:

Note payable to a bank, interest at 4.5 percent, monthly payments of \$2,509; due December 2024	\$ 169,223
Note payable to a bank, interest at 4.5 percent, monthly payments of \$2,213; due December 2024	148,815
Note payable to a bank, interest at 5.8 percent, monthly payments of \$3,215; due December 2018	<u>16,762</u>
	334,800
Less current portion	(60,035)
Less unamortized loan fees	<u>-</u>
Long-term portion	<u><u>\$ 274,765</u></u>

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS

Note 4. Notes Payable (Continued)

A summary of principal debt requirements to maturity for notes payable for the years following June 30, 2018 is as follows:

Year Ending June 30,	
2019	\$ 60,035
2020	45,260
2021	47,340
2022	49,515
2023	51,790
Thereafter	<u>80,860</u>
	<u>\$ 334,800</u>

Note 5. Line of Credit

United Way has established a \$100,000 line of credit. The amount outstanding on this line of credit was \$100,000 at June 30, 2018. This line of credit bears interest at an index plus 4.5 percent (6.83 percent at June 30, 2018), requires monthly interest-only payments, and matures January 2019.

Note 6. Operating Leases

United Way entered into a 15-year lease agreement expiring October 2023 for office space with a monthly lease payment of \$7,144. The monthly lease payment is subject to a 3 percent annual increase. Total rent expense was \$90,990 for the year ended June 30, 2018.

United Way entered into a lease agreement beginning in April 2013 for office equipment requiring monthly payments of \$354 through May 2017. Total lease expense was \$3,894 for the year ended June 30, 2018.

The minimum annual lease payments on the office space lease are estimated to be as follows:

Year Ending June 30,	
2019	\$ 98,418
2020	101,371
2021	104,412
2022	107,544
2023	110,771
Thereafter	37,286

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO FINANCIAL STATEMENTS**

Note 7. Related Party Transactions

United Way is related to United Way Community Services (UWCS) through common control, as one Board of Trustees governs both agencies. UWCS owed United Way \$299,227 at June 30, 2018.

United Way charged UWCS a support services fee of \$206,488 for the year ended June 30, 2018. The Board intends to continue charging UWCS this fee for administrative services provided.

United Way leases a parking lot to UWCS for \$6,460 per month. Total rent received was \$77,520 for the year ended June 30, 2018. UWCS also subleases a portion of a building owned by United Way from CAS (see Note 4) for \$2,400 per month.

Note 8. Retirement Plan

A defined contribution plan is provided for all full-time employees who have been with United Way for one or more years. United Way contributes 5 percent of qualified employees' gross earnings to the plan. In addition, United Way matches 50 percent of the first 6 percent of employee contributions. United Way contributions amounted to \$65,053 for the year ended June 30, 2018.

Note 9. Contributed Materials, Equipment, and Services

Contributed materials and equipment are reflected as in-kind donations in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for contributed services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to United Way.

Note 10. Support Services

United Way's Resource Development and Management and General functions as a percentage of total gross revenue for the year ended June 30, 2018 is as follows:

Resource Development	7.5%
Management and General	6.0%

These percentages are calculated by dividing the Resource Development and Management and General functions by total gross revenue. Total gross revenue is calculated as follows for the year ended June 30, 2018:

Total revenue and support	\$ 3,776,836
Uncollectible contributions	56,485
Amounts designated by donors for specific organizations	<u>255,541</u>
Total gross revenue	<u><u>\$ 4,088,862</u></u>

OTHER INFORMATION



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
United Way of Central and Southern Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central and Southern Utah (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central and Southern Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Central and Southern Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central and Southern Utah's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central and Southern Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Central and Southern Utah's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central and Southern Utah's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Squire & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah
September 4, 2018